



# House of Representatives

## File No. 275

General Assembly

February Session, 2004

**(Reprint of File No. 46)**

Substitute House Bill No. 5202  
As Amended by House  
Amendment Schedule "A"

Approved by the Legislative Commissioner  
March 25, 2004

### **AN ACT CONCERNING THE EXTENSION OF GROUP HEALTH INSURANCE BENEFITS.**

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1 Section 1. Section 38a-554 of the general statutes, as amended by  
2 section 1 of public act 03-77, is repealed and the following is  
3 substituted in lieu thereof (*Effective from passage*):

4 A group comprehensive health care plan shall contain the minimum  
5 standard benefits prescribed in section 38a-553, as amended, and shall  
6 also conform in substance to the requirements of this section.

7 (a) The plan shall be one under which the individuals eligible to be  
8 covered include: (1) Each eligible employee; (2) the spouse of each  
9 eligible employee, who shall be considered a dependent for the  
10 purposes of this section; and (3) dependent unmarried children, who  
11 are under the age of nineteen or are full-time students under the age of  
12 twenty-three at an accredited institution of higher learning.

13 (b) The plan shall provide the option to continue coverage under

14 each of the following circumstances until the individual is eligible for  
15 other group insurance, except as provided in subdivisions (3) and (4)  
16 of this subsection: (1) Notwithstanding any provision of this section,  
17 upon layoff, reduction of hours, leave of absence [.] or termination of  
18 employment, other than as a result of death of the employee or as a  
19 result of [such] the employee's "gross misconduct" as that term is used  
20 in 29 USC 1163(2), continuation of coverage for [such] the employee  
21 and [such] the employee's covered dependents for the periods set forth  
22 for such event under federal extension requirements established by the  
23 federal Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L.  
24 99-272), as amended from time to time, (COBRA), except that [if such  
25 reduction of hours, leave of absence or termination of employment  
26 results from an employee's eligibility to receive Social Security income,  
27 continuation of] the plan shall provide the option for the employee to  
28 continue coverage for [such] the employee and [such] the employee's  
29 covered dependents until midnight of the day preceding [such  
30 person's eligibility] the date the employee enrolls for benefits under  
31 Title XVIII of the federal Social Security Act, or until the employee is  
32 eligible for other group insurance, whichever occurs first, if such  
33 layoff, reduction of hours, leave of absence or termination of  
34 employment occurs (A) between October 1, 2003, and the effective date  
35 of this section and results from the employee's eligibility to receive  
36 Social Security income, or (B) when the employee is sixty-two years of  
37 age or older; (2) upon the death of the employee, continuation of  
38 coverage for the covered dependents of [such] the employee for the  
39 periods set forth for such event under federal extension requirements  
40 established by the Consolidated Omnibus Budget Reconciliation Act of  
41 1985 (P.L. 99-272), as amended from time to time, (COBRA); (3)  
42 regardless of the employee's or dependent's eligibility for other group  
43 insurance, during an employee's absence due to illness or injury,  
44 continuation of coverage for [such] the employee and [such] the  
45 employee's covered dependents during continuance of such illness or  
46 injury or for up to twelve months from the beginning of such absence;  
47 (4) regardless of an individual's eligibility for other group insurance,

48 upon termination of the group plan, coverage for covered individuals  
49 who were totally disabled on the date of termination shall be  
50 continued without premium payment during the continuance of such  
51 disability for a period of twelve calendar months following the  
52 calendar month in which the plan was terminated, provided claim is  
53 submitted for coverage within one year of the termination of the plan;  
54 (5) the coverage of any covered individual shall terminate: (A) As to a  
55 child, the plan shall provide the option for said child to continue  
56 coverage for the longer of the following periods: (i) At the end of the  
57 month following the month in which the child marries, ceases to be  
58 dependent on the employee or attains the age of nineteen, whichever  
59 occurs first, except that if the child is a full-time student at an  
60 accredited institution, the coverage may be continued while the child  
61 remains unmarried and a full-time student, but not beyond the month  
62 following the month in which the child attains the age of twenty-three.  
63 If on the date specified for termination of coverage on a dependent  
64 child, the child is unmarried and incapable of self-sustaining  
65 employment by reason of mental or physical handicap and chiefly  
66 dependent upon the employee for support and maintenance, the  
67 coverage on such child shall continue while the plan remains in force  
68 and the child remains in such condition, provided proof of such  
69 handicap is received by the carrier within thirty-one days of the date  
70 on which the child's coverage would have terminated in the absence of  
71 such incapacity. The carrier may require subsequent proof of the  
72 child's continued incapacity and dependency but not more often than  
73 once a year thereafter, or (ii) for the periods set forth for such child  
74 under federal extension requirements established by the Consolidated  
75 Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), as amended  
76 from time to time, (COBRA); (B) as to the employee's spouse, at the  
77 end of the month following the month in which a divorce, court-  
78 ordered annulment or legal separation is obtained, whichever is  
79 earlier, except that the plan shall provide the option for said spouse to  
80 continue coverage for the periods set forth for such events under  
81 federal extension requirements established by the Consolidated  
82 Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), as amended

83 from time to time, (COBRA); and (C) as to the employee or dependent  
84 who is sixty-five years of age or older, as of midnight of the day  
85 preceding such person's eligibility for benefits under Title XVIII of the  
86 federal Social Security Act; (6) as to any other event listed as a  
87 "qualifying event" in 29 USC 1163, as amended from time to time,  
88 continuation of coverage for [such] the periods set forth for such event  
89 in 29 USC 1162, as amended from time to time, provided such plan  
90 may require the individual whose coverage is to be continued to pay  
91 up to the percentage of the applicable premium as specified for such  
92 event in 29 USC 1162, as amended from time to time. Any continuation  
93 of coverage required by this section except subdivision (4) or (6) of this  
94 subsection may be subject to the requirement, on the part of the  
95 individual whose coverage is to be continued, that such individual  
96 contribute that portion of the premium the individual would have  
97 been required to contribute had the employee remained an active  
98 covered employee, except that the individual may be required to pay  
99 up to one hundred two per cent of the entire premium at the group  
100 rate if coverage is continued in accordance with subdivision (1), (2) or  
101 (5) of this subsection. The employer shall not be legally obligated by  
102 sections 38a-505, 38a-546 and 38a-551 to 38a-559, inclusive, as  
103 amended, to pay such premium if not paid timely by the employee.

104 (c) The commissioner shall adopt regulations, in accordance with  
105 chapter 54, concerning coordination of benefits between the plan and  
106 other health insurance plans.

107 (d) The plan shall make available to Connecticut residents, in  
108 addition to any other conversion privilege available, a conversion  
109 privilege under which coverage shall be available immediately upon  
110 termination of coverage under the group plan. The terms and benefits  
111 offered under the conversion benefits shall be at least equal to the  
112 terms and benefits of an individual comprehensive health care plan.

113 Sec. 2. Section 38a-546 of the general statutes is repealed and the  
114 following is substituted in lieu thereof (*Effective from passage*):

115 (a) In order to assure reasonable continuation of coverage and  
116 extension of benefits to the citizens of this state, each group health  
117 insurance policy, regardless of the number of insureds, providing  
118 coverage of the type specified in subdivisions (1), (2), (3), (4), (11) and  
119 (12) of section 38a-469, delivered, issued for delivery, renewed or  
120 continued in this state on or after October 1, 1997, shall, subject to the  
121 provisions of subsection (d), contain [those provisions described in  
122 subsections (b) and (d) of section 38a-554] the provisions set forth in  
123 this subsection. The plan shall provide the option to continue coverage  
124 under each of the following circumstances until the individual is  
125 eligible for other group insurance, except as provided in subdivisions  
126 (3) and (4) of this subsection: (1) Notwithstanding any provision of this  
127 section, upon layoff, reduction of hours, leave of absence or  
128 termination of employment, other than as a result of death of the  
129 employee or as a result of the employee's "gross misconduct" as that  
130 term is used in 29 USC 1163(2), continuation of coverage for the  
131 employee and the employee's covered dependents for the periods set  
132 forth for such event under federal extension requirements established  
133 by the federal Consolidated Omnibus Budget Reconciliation Act of  
134 1985 (P.L. 99-272), as amended from time to time, (COBRA), except  
135 that the plan shall provide the option for the employee to continue  
136 coverage for the employee and the employee's covered dependents  
137 until midnight of the day preceding the date the employee enrolls for  
138 benefits under Title XVIII of the federal Social Security Act, or until the  
139 employee is eligible for other group insurance, whichever occurs first,  
140 if such layoff, reduction of hours, leave of absence or termination of  
141 employment occurs (A) between October 1, 2003, and the effective date  
142 of this section and results from the employee's eligibility to receive  
143 Social Security income, or (B) when the employee is sixty-two years of  
144 age or older; (2) upon the death of the employee, continuation of  
145 coverage for the covered dependents of the employee for the periods  
146 set forth for such event under federal extension requirements  
147 established by the Consolidated Omnibus Budget Reconciliation Act of  
148 1985 (P.L. 99-272), as amended from time to time, (COBRA); (3)  
149 regardless of the employee's or dependent's eligibility for other group

150 insurance, during an employee's absence due to illness or injury,  
151 continuation of coverage for the employee and the employee's covered  
152 dependents during continuance of such illness or injury or for up to  
153 twelve months from the beginning of such absence; (4) regardless of an  
154 individual's eligibility for other group insurance, upon termination of  
155 the group plan, coverage for covered individuals who were totally  
156 disabled on the date of termination shall be continued without  
157 premium payment during the continuance of such disability for a  
158 period of twelve calendar months following the calendar month in  
159 which the plan was terminated, provided claim is submitted for  
160 coverage within one year of the termination of the plan; (5) the  
161 coverage of any covered individual shall terminate: (A) As to a child,  
162 the plan shall provide the option for said child to continue coverage for  
163 the longer of the following periods: (i) At the end of the month  
164 following the month in which the child marries, ceases to be  
165 dependent on the employee or attains the age of nineteen, whichever  
166 occurs first, except that if the child is a full-time student at an  
167 accredited institution, the coverage may be continued while the child  
168 remains unmarried and a full-time student, but not beyond the month  
169 following the month in which the child attains the age of twenty-three.  
170 If on the date specified for termination of coverage on a dependent  
171 child, the child is unmarried and incapable of self-sustaining  
172 employment by reason of mental or physical handicap and chiefly  
173 dependent upon the employee for support and maintenance, the  
174 coverage on such child shall continue while the plan remains in force  
175 and the child remains in such condition, provided proof of such  
176 handicap is received by the carrier within thirty-one days of the date  
177 on which the child's coverage would have terminated in the absence of  
178 such incapacity. The carrier may require subsequent proof of the  
179 child's continued incapacity and dependency but not more often than  
180 once a year thereafter, or (ii) for the periods set forth for such child  
181 under federal extension requirements established by the Consolidated  
182 Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), as amended  
183 from time to time, (COBRA); (B) as to the employee's spouse, at the  
184 end of the month following the month in which a divorce, court-

185 ordered annulment or legal separation is obtained, whichever is  
186 earlier, except that the plan shall provide the option for said spouse to  
187 continue coverage for the periods set forth for such events under  
188 federal extension requirements established by the Consolidated  
189 Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), as amended  
190 from time to time, (COBRA); and (C) as to the employee or dependent  
191 who is sixty-five years of age or older, as of midnight of the day  
192 preceding such person's eligibility for benefits under Title XVIII of the  
193 federal Social Security Act; (6) as to any other event listed as a  
194 "qualifying event" in 29 USC 1163, as amended from time to time,  
195 continuation of coverage for the periods set forth for such event in 29  
196 USC 1162, as amended from time to time, provided such plan may  
197 require the individual whose coverage is to be continued to pay up to  
198 the percentage of the applicable premium as specified for such event in  
199 29 USC 1162, as amended from time to time. Any continuation of  
200 coverage required by this section except subdivision (4) or (6) of this  
201 subsection may be subject to the requirement, on the part of the  
202 individual whose coverage is to be continued, that such individual  
203 contribute that portion of the premium the individual would have  
204 been required to contribute had the employee remained an active  
205 covered employee, except that the individual may be required to pay  
206 up to one hundred two per cent of the entire premium at the group  
207 rate if coverage is continued in accordance with subdivision (1), (2) or  
208 (5) of this subsection. The employer shall not be legally obligated by  
209 this section to pay such premium if not paid timely by the employee.  
210 The plan shall make available to Connecticut residents, in addition to  
211 any other conversion privilege available, a conversion privilege under  
212 which coverage shall be available immediately upon termination of  
213 coverage under the group plan. The benefits offered under the  
214 conversion benefits shall be at least equal to the benefits of the  
215 comprehensive health care plan set forth in subsection (h) of section  
216 38a-553.

217 (b) In any case of the discontinuance of a group health insurance  
218 policy and the subsequent replacement of such coverage with another

219 such policy, the succeeding carrier, in applying any deductible,  
220 coinsurance or waiting period provisions in its plan, shall give credit  
221 for the satisfaction or partial satisfaction of the same or similar  
222 provisions under a prior plan providing similar benefits. In the case of  
223 deductible or coinsurance provisions, the credit shall apply for the  
224 same or overlapping benefit periods and shall be given for expenses  
225 actually incurred and applied against the deductible or coinsurance  
226 provisions of the prior carrier's plan during the ninety days preceding  
227 the effective date of the succeeding carrier's plan but only to the extent  
228 these expenses are recognized under the terms of the succeeding  
229 carrier's plan and are subject to a similar deductible or coinsurance  
230 provision.

231 (c) The commissioner shall adopt regulations, in accordance with  
232 [the provisions of] chapter 54, [covering] concerning group coverage  
233 discontinuance and replacement.

234 (d) Nothing in this section shall alter or impair existing group  
235 policies which have been established pursuant to an agreement which  
236 resulted from collective bargaining, and the provisions required by  
237 this section shall become effective upon the next regular renewal and  
238 completion of such collective bargaining agreement.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

---

***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill affects the conditions for continuation of coverage for group health plan insurance and has no fiscal impact.

House "A" alters the original bill by changing the date continued coverage will end. The amendment also allows persons who were eligible for continued coverage under current law from October 1, 2003 to this bill's effective date to continue coverage. Neither of these changes have a fiscal impact.

---

**OLR Bill Analysis**

sHB 5202 (as amended by House "A")\*

**AN ACT CONCERNING THE EXTENSION OF GROUP HEALTH INSURANCE BENEFITS.****SUMMARY:**

This bill revises the circumstances under which group health insurance plans must offer continuation of coverage to employees who may otherwise lose coverage. It eliminates the requirement that the plans, following an employee's termination, leave of absence, or reduction in work hours resulting from the employee's eligibility for Social Security income, continue group plan coverage for the employee and his covered dependents until the employee is eligible for Medicare. Instead, the bill requires group health insurance plans delivered, issued for delivery, or renewed in this state on or after its effective date to give an employee the option to continue his and his covered dependents' group plan coverage until midnight of the day before the employee enrolls in Medicare or he is eligible for other group insurance, whichever happens first, if his layoff, leave of absence, reduced work hours or termination occurs (1) between October 1, 2003 and the bill's effective date and results from his eligibility to receive Social Security income or (2) when the employee is 62 years or older.

\* House Amendment "A" (1) changes the date continued coverage will end from midnight of the day before the employee's eligibility for Medicare to midnight of the day before his enrollment in Medicare and (2) gives an option to continue coverage under the bill to those who were eligible for continued coverage under the current law between October 1, 2003 and this bill's effective date.

EFFECTIVE DATE: Upon passage

**BACKGROUND*****Medicare***

Medicare (Title XVIII of the federal Social Security Act) provides certain health insurance benefits for the aged and disabled. Someone

age 65 or older is eligible for Medicare. A person who is disabled or has permanent kidney failure is eligible for Medicare at any age. A person who has received Social Security disability benefits for 24 months is eligible for Medicare. Someone with Lou Gherig's disease is eligible for Medicare in the same month in which he is entitled to receive Social Security disability benefits.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 18      Nay 0